

LNF & IHCIF Calculations Illustration

- ALL ALASKA HEALTH SYSTEM in Alaska area -

Given Data

- 113,885 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 13% = % Expenditures on purchased services, 87% = % expenditures in-house
- 137.5% = Cost index for purchasing health care in this geographic area
- 137.5% = Size cost index for in-house costs due to small or large size
- 98.9% = Alaska area cost index for health status above or below average

Cost Adjustment Calculations

- \$519 per person for purchased services = $13\% * 137.5\% * \$2,980$
- \$3,579 per person for in-house services = $87\% * 137.5\% * \$2,980$
- \$4,098 per person total = \$519 (purchase) + \$3,579 (in-house)
- **\$4,053 per person total** adjusted for health status = $\$4,098 * 98.9\%$
- **\$3,308 per person net cost** = $\$4,053 - \745 Other resources (M&M&PI)

Existing Expenditures (for 113,885 users excluding wrap-around and collections)

- \$2,669 per person = local IHS allowance (excludes \$ for wrap-around)
- \$49 per person = expenditures elsewhere in Alaska area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$2,772 per person for OU users** = $\$2,669 + \$49 + \$54$

LNF Calculation

- **68.4% Gross LNF** = $\$2,772$ (expenditures) / $\$4,053$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **83.8% Net LNF** = $\$2,772 / \$3,308$ net cost ($\$4,053 - \745 other)

IHCIF Allocation

- \$0 = \$ to raise LNF% from 83.8% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$0 Allocation** = \$0 needed for 60% * 3.488% IHCIF fraction

ALL ALASKA HEALTH SYSTEM Unmet Needs

- **\$376,785,632 Net Total Need** = 113,885 users * \$3,308 net cost
- **\$61,078,558 Net Unmet Need** = $(100\% - 83.8\% \text{ LNF}) * 113,885 \text{ users} * \$3,308 \text{ net cost}$